

REMARKS

This Amendment is made in response to the Office Action dated July 20, 2005. A Request for Extension of Time is enclosed herewith to permit the filing of this Amendment in the third month. Applicants will respond by paragraph number to the various rejections and objections as posed in the July 20, 2005 Office Action.

Responding to Paragraph 4, Applicants have changed Claim 14 to delete “users” and to insert therefore “user’s”. The undersigned trusts that this change in Claim 14 will fully respond to the informality noted by the Examiner.

Applicants have amended the subject application by canceling certain claims and adding certain new claims, whereby the following claims are now present in this application: 1, 8, 14, 15, 18, 20, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36 and 37.

Responding to Paragraph 6, Applicants respectfully traverse and request reconsideration of the rejection of independent claim 1, and claims 8, 14, 15 and 26 dependent therefrom; and independent claim 23, and claims 25, 27, 28, 29, 30, 31 and 32 dependent therefrom, as rejected under 35 U.S.C. §102(b) as being anticipated by U.S. Patent 6,594,640 of Postrel, hereafter the Postrel Patent. Independent claim 1 recites the use of “first and second point-to-credit conversion rates to convert the user’s first and second loyalty program award points to a system-wide credits, each of the system-wide credits being of a common value,” ---“the first loyalty program points differing in value from the second loyalty program points”, and “enabling the vendor to determine --- the discount of the price of the selected” item. Independent claims 23 and 33 also recite similar subject matter.

Further, independent claim 1 further recites “enabling the vendor to apply the discount to the price of the products or services selected by the user if the user has accumulated at least the number of system-wide credits as set by the vendor.” Further, independent claim 23 recites “a computerized system for managing a plurality of loyalty programs utilizing the internet to accumulate the award points issued by the plurality of loyalty programs and to redeem the award points for items as selected by the user” and “means for enabling the one vendor to access via said first interactive communication means at least one of the balances of the system-wide credits stored in said credits database, whereby the one vendor can control the number of the one user’s balance of system-wide credits that is required to enable a transaction involving the selected items offered to the one user.”

The undersigned has carefully reviewed the Examiner’s “Response to Arguments” of Paragraph 7. The undersigned affirms that the Postrel Patent “is silent as to any teaching of the recited system-wide credits.” Further, Applicants respectfully traverse and request reconsideration of the Examiner’s statement that, “Each of the reward points providers can set their own ‘conversion rate’ i.e. the first loyalty points (from the first reward points provider) differs from the second loyalty points (from the second reward points provider) (Fig 5, item 54 and col. 8, lines 20-26)” (see P. 9, L9-12). In particular, item 54 as shown in Figure 5 of the Postrel Patent is a database 54 wherein “merchant conversion rates” and “reward server conversion rates” are shown. Though conversion rates are generally shown in Figure 5, there is no teaching that such merchant conversion rates and reward server conversion rates are used to convert points of a particular loyalty program to system-wide credits, each system-wide credit of which has a common value. The Examiner relies for the

teaching of such rates on lines 20-26 of col. 8, which fail to disclose the use of first and second conversion rates to convert respectively the first and second loyalty points to system-wide credits. In particular, this passage of the Postrel Patent discloses only that,

the trading server records the offer in a database (step 906), and the trading server may record a limited conversion rate in its database (step 906). The rewards server may then contact the user with an offer to redeem at step 908. Optionally the process may branch to the flow diagram in Figure 6 discussed above (step 910).

The quoted passage does not in any fashion disclose Applicant's conversion rates to common, system-wide credits. In particular, the Postrel Patent merely describes in its Fig. 5 that the merchants have conversion rates and the rewards server has conversion rates. Even so, the Postrel Patent does not teach that these rates establish system-wide credits, each credit being of the common value. Further, the undersigned respectfully traverses and requests reconsideration of the Examiner's statement "that Postrel discloses that the user can use the accumulated system-wide points to pay for an item from one of the participating merchants--" (see P. 9, L14-16). In particular, the undersigned respectfully asserts that the Postrel Patent does not disclose the use of "system-wide points to pay for an item--." The Examiner repeats his remarks as to system-wide credits at Paragraphs "h" and "i" for the reasons advanced above.

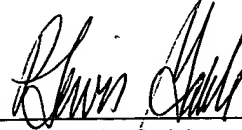
Referring now to Paragraph 7a, the Examiner in effect admits that the Postrel Patent does not teach the use of first and second loyalty programs of different values as well as system-wide credits. The Examiner asserts in effect that the USPTO and its Examiners are not required to provide those recitations of the applied reference, i.e., the Postrel Patent, that teach each recitation of the rejected claim. In this regard, the undersigned respectfully notes

that the original obligation to make a prima facie showing, i.e., that the Postrel Patent discloses each of the recitations of the rejected claims, is upon the Examiner. *In re Mullen*, 179 USPQ 97. Further, the undersigned respectfully asserts that in order to make a prima facie case the Examiner needs to find a reference which discloses each recitation in order to sustain a rejection under 35 U.S.C. §102. Such disclosure, the undersigned asserts, must identify that part of the application where the alleged teaching is to be found. See MPEP 706.02(j)(A). In order to establish a prima facie case that would satisfy the sufficient evidence standard, the burden is on the Patent Office and the Examiner is obligated to show that each recitation of the claim is met by a single reference. MPEP 2131. Copies of the noted sections of the MPEP are enclosed for the convenience of the Examiner.

In view of the above discussion, Applicant respectfully asserts that all of the claims now presented in this application are in condition for allowance, which action is respectfully requested. If the Examiner is unable to allow this application, he is requested

to place a telephone call to the undersigned to suggest those changes whereby this application may be speedily prosecuted to issuance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "R. Lewis Gable", is written over a horizontal line.

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ences themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991). See MPEP § 2143 - § 2143.03 for decisions pertinent to each of these criteria.

The initial burden is on the examiner to provide some suggestion of the desirability of doing what the inventor has done. "To support the conclusion that the claimed invention is directed to obvious subject matter, either the references must expressly or impliedly suggest the claimed invention or the examiner must present a convincing line of reasoning as to why the artisan would have found the claimed invention to have been obvious in light of the teachings of the references." *Ex parte Clapp*, 227 USPQ 972, 973 (Bd. Pat. App. & Inter. 1985). See MPEP § 2144 - § 2144.09 for examples of reasoning supporting obviousness rejections.

Where a reference is relied on to support a rejection, whether or not in a minor capacity, that reference should be positively included in the statement of the rejection. See *In re Hoch*, 428 F.2d 1341, 1342 n.3 166 USPQ 406, 407 n. 3 (CCPA 1970).

It is important for an examiner to properly communicate the basis for a rejection so that the issues can be identified early and the applicant can be given fair opportunity to reply. Furthermore, if an initially rejected application issues as a patent, the rationale behind an earlier rejection may be important in interpreting the scope of the patent claims. Since issued patents are presumed valid (35 U.S.C. 282) and constitute a property right (35 U.S.C. 261), the written record must be clear as to the basis for the grant. Since patent examiners cannot normally be compelled to testify in legal proceedings regarding their mental processes (see MPEP § 1701.01), it is important that the written record clearly explain the rationale for decisions made during prosecution of the application.

See MPEP § 2141 - § 2144.09 generally for guidance on patentability determinations under 35 U.S.C.

103, including a discussion of the requirements of *Graham v. John Deere*, 383 U.S. 1, 148 USPQ 459 (1966). See MPEP § 2145 for consideration of applicant's rebuttal arguments. See MPEP § 706.02(l) - § 706.02(l)(3) for a discussion of prior art disqualified under 35 U.S.C. 103(c).

706.02(k) Provisional Rejection (Obviousness) Under 35 U.S.C. 102(e)/103 [R-3]

Effective November 29, 1999, subject matter which was prior art under former 35 U.S.C. 103 via 35 U.S.C. 102(e) ~~was~~ disqualified as prior art against the claimed invention if that subject matter and the claimed invention "were, at the time the invention was made, owned by the same person or subject to an obligation of assignment to the same person." This amendment to 35 U.S.C. 103(c) was made pursuant to section 4807 of the American Inventors Protection Act of 1999 (AIPA); see Pub. L. 106-113, 113 Stat. 1501, 1501A-591 (1999). The changes to 35 U.S.C. 102(e) in the Intellectual Property and High Technology Technical Amendments Act of 2002 (Pub. L. 107-273, 116 Stat. 1758 (2002)) did not affect the exclusion under 35 U.S.C. 103(c) as amended on November 29, 1999. Subsequently, the Cooperative Research and Technology Enhancement Act of 2004 (CREATE Act) (Pub. L. 108-453, 118 Stat. 3596 (2004)) further amended 35 U.S.C. 103(c) to provide that subject matter developed by another person shall be treated as owned by the same person or subject to an obligation of assignment to the same person for purposes of determining obviousness if three conditions are met:

(A) the claimed invention was made by or on behalf of parties to a joint research agreement that was in effect on or before the date the claimed invention was made;

(B) the claimed invention was made as a result of activities undertaken within the scope of the joint research agreement; and

(C) the application for patent for the claimed invention discloses or is amended to disclose the names of the parties to the joint research agreement (hereinafter "joint research agreement disqualification").

3. Pre-AIPA 35 U.S.C. 102(e) (form paragraph 7.12.01) must be applied if the reference is a U.S. patent issued directly, or indirectly, from an international application filed prior to November 29, 2000. See the Examiner Notes for form paragraph 7.12.01 to assist in the determination of the 35 U.S.C. 102(e) date of the reference.

4. In determining the 35 U.S.C. 102(e) date, consider priority/benefit claims to earlier-filed U.S. provisional applications under 35 U.S.C. 119(e), U.S. nonprovisional applications under 35 U.S.C. 120 or 121, and international applications under 35 U.S.C. 120, 121 or 365(c) if the subject matter used to make the rejection is appropriately supported in the relied upon earlier-filed application's disclosure (and any intermediate application(s)). A benefit claim to a U.S. patent of an earlier-filed international application, which has an international filing date prior to November 29, 2000, may only result in an effective U.S. filing date as of the date the requirements of 35 U.S.C. 371(c)(1), (2) and (4) were fulfilled. Do NOT consider any priority/benefit claims to U.S. applications which are filed before an international application that has an international filing date prior to November 29, 2000. Do NOT consider foreign priority claims under 35 U.S.C. 119(a)-(d) and 365(a).

5. If the reference is a publication of an international application (including voluntary U.S. publication under 35 U.S.C. 122 of the national stage or a WIPO publication) that has an international filing date prior to November 29, 2000, did not designate the United States or was not published in English by WIPO, do not use this form paragraph. Such a reference is not a prior art reference under 35 U.S.C. 102(e). The reference may be applied under 35 U.S.C. 102(a) or (b) as of its publication date. See form paragraphs 7.08 and 7.09.

6. In bracket 2, insert either --clearly anticipated-- or --anticipated-- with an explanation at the end of the paragraph.

7. In bracket 3, insert the prior art relied upon.

8. This form paragraph must be preceded by either of form paragraphs 7.12 or 7.12.01.

9. Patent application publications may only be used if this form paragraph was preceded by form paragraph 7.12.

¶ **7.16 Rejection, 35 U.S.C. 102(b), Public Use or on Sale**

Claim [1] rejected under 35 U.S.C. 102(b) based upon a public use or sale of the invention. [2]

Examiner Note:

1. This form paragraph must be preceded either by form paragraphs 7.07 and 7.09 or by form paragraph 7.103.

2. A full explanation of the evidence establishing a public use or sale must be provided in bracket 2.

¶ **7.17 Rejection, 35 U.S.C. 102(c), Abandonment of Invention**

Claim [1] rejected under 35 U.S.C. 102(c) because the invention has been abandoned. [2]

Examiner Note:

1. This form paragraph must be preceded either by form paragraphs 7.07 and 7.10 or by form paragraph 7.103.

2. In bracket 2, insert a full explanation of the evidence establishing abandonment of the invention. See MPEP § 2134.

¶ **7.18 Rejection, 35 U.S.C. 102(d), Foreign Patenting**

Claim [1] rejected under 35 U.S.C. 102(d) as being barred by applicants [2].

[3]

Examiner Note:

1. This form paragraph must be preceded either by form paragraphs 7.07 and 7.11 or by form paragraph 7.103.

2. In bracket 3, insert an explanation of this rejection which must include appropriate dates and how they make the foreign patent available under 35 U.S.C. 102(d).

3. Refer to MPEP § 2135 for applicable 35 U.S.C. 102(d) prior art.

¶ **7.19 Rejection, 35 U.S.C. 102(f), Applicant Not the Inventor**

Claim [1] rejected under 35 U.S.C. 102(f) because the applicant did not invent the claimed subject matter. [2]

Examiner Note:

1. This paragraph must be preceded either by paragraphs 7.07 and 7.13 or by paragraph 7.103.

2. In bracket 2, insert an explanation of the supporting evidence establishing that applicant was not the inventor. See MPEP § 2137.

706.02(j) Contents of a 35 U.S.C. 103 Rejection

35 U.S.C. 103 authorizes a rejection where, to meet the claim, it is necessary to modify a single reference or to combine it with one or more other references. After indicating that the rejection is under 35 U.S.C. 103, the examiner should set forth in the Office action:

(A) the relevant teachings of the prior art relied upon, preferably with reference to the relevant column or page number(s) and line number(s) where appropriate,

(B) the difference or differences in the claim over the applied reference(s),

(C) the proposed modification of the applied reference(s) necessary to arrive at the claimed subject matter, and

(D) an explanation why one of ordinary skill in the art at the time the invention was made would have been motivated to make the proposed modification.

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the refer-

format was used to avoid a double patenting rejection in a co-pending application and the examiner cited no art showing the subject matter of the preamble). Moreover, where the preamble of a *Jepson* claim describes applicant's own work, such may not be used against the claims. *Reading & Bates Construction Co. v. Baker Energy Resources Corp.*, 748 F.2d 645, 650, 223 USPQ 1168, 1172 (Fed. Cir. 1984); *Ehrreich*, 590 F.2d at 909-910, 200 USPQ at 510.

IV. INFORMATION DISCLOSURE *STATEMENT< (IDS)

Mere listing of a reference in an information disclosure statement is not taken as an admission that the reference is prior art against the claims. *Riverwood Int'l Corp. v. R.A. Jones & Co.*, 324 F.3d 1346, 1354-55, 66 USPQ2d 1331, 1337-38 (Fed. Cir. 2003) (listing of applicant's own prior patent in an IDS does not make it available as prior art absent a statutory basis); see also 37 CFR 1.97(h) ("The filing of an information disclosure statement shall not be construed to be an admission that the information cited in the statement is, or is considered to be, material to patentability as defined in § 1.56(b).").

2131 Anticipation — Application of 35 U.S.C. 102(a), (b), and (e) [R-1]

35 U.S.C. 102. Conditions for patentability; novelty and loss of right to patent.

A person shall be entitled to a patent unless -

(a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for a patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States, or

(c) he has abandoned the invention, or

(d) the invention was first patented or caused to be patented, or was the subject of an inventor's certificate, by the applicant or his legal representatives or assigns in a foreign country prior to the date of the application for patent in this country on an application for patent or inventor's certificate filed more than twelve months before the filing of the application in the United States, or

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(e) the invention was described in — (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent,

except that an international application filed under the treaty defined in section 351(a) shall have the effects for the purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language; or<

(f) he did not himself invent the subject matter sought to be patented, or

(g)(1)during the course of an interference conducted under section 135 or section 291, another inventor involved therein establishes, to the extent permitted in section 104, that before such person's invention thereof the invention was made by such other inventor and not abandoned, suppressed, or concealed, or (2) before such person's invention thereof, the invention was made in this country by another inventor who had not abandoned, suppressed, or concealed it. In determining priority of invention under this subsection, there shall be considered not only the respective dates of conception and reduction to practice of the invention, but also the reasonable diligence of one who was first to conceive and last to reduce to practice, from a time prior to conception by the other.

TO ANTICIPATE A CLAIM, THE REFERENCE MUST TEACH EVERY ELEMENT OF THE CLAIM

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631, 2 USPQ2d 1051, 1053 (Fed. Cir. 1987). >"When a claim covers several structures or compositions, either generically or as alternatives, the claim is deemed anticipated if any of the structures or compositions within the scope of the claim is known in the prior art." *Brown v. 3M*, 265 F.3d 1349, 1351, 60 USPQ2d 1375, 1376 (Fed. Cir. 2001) (claim to a system for setting a computer clock to an offset time to address the Year 2000 (Y2K) problem, applicable to records with year date data in "at least one of two-digit, three-digit, or four-digit" representations, was held anticipated by a system that offsets year dates in only two-digit formats). See also MPEP § 2131.02.< "The identical invention must be shown in as complete detail as is contained in the ... claim." *Richardson v. Suzuki Motor Co.*, 868 F.2d 1226, 1236, 9 USPQ2d 1913, 1920 (Fed. Cir. 1989). The elements must be arranged as required by the claim, but this is not an *ipsissimis verbis* test, i.e., identity of terminology is not required. *In re Bond*, 910 F.2d 831, 15 USPQ2d 1566 (Fed. Cir. 1990). Note that, in some circumstances, it is permissible to

use multiple references in a 35 U.S.C. 102 rejection. See MPEP § 2131.01.

2131.01 Multiple Reference 35 U.S.C. 102 Rejections

Normally, only one reference should be used in making a rejection under 35 U.S.C. 102. However, a 35 U.S.C. 102 rejection over multiple references has been held to be proper when the extra references are cited to:

(A) Prove the primary reference contains an “enabled disclosure;”

(B) Explain the meaning of a term used in the primary reference; or

(C) Show that a characteristic not disclosed in the reference is inherent.

See paragraphs I-III below for more explanation of each circumstance.

I. TO PROVE REFERENCE CONTAINS AN “ENABLED DISCLOSURE”

Extra References and Extrinsic Evidence Can Be Used To Show the Primary Reference Contains an “Enabled Disclosure”

When the claimed composition or machine is disclosed identically by the reference, an additional reference may be relied on to show that the primary reference has an “enabled disclosure.” *In re Samour*, 571 F.2d 559, 197 USPQ 1 (CCPA 1978) and *In re Donohue*, 766 F.2d 531, 226 USPQ 619 (Fed. Cir. 1985) (Compound claims were rejected under 35 U.S.C. 102(b) over a publication in view of two patents. The publication disclosed the claimed compound structure while the patents taught methods of making compounds of that general class. The applicant argued that there was no motivation to combine the references because no utility was previously known for the compound and that the 35 U.S.C. 102 rejection over multiple references was improper. The court held that the publication taught all the elements of the claim and thus motivation to combine was not required. The patents were only submitted as evidence of what was in the public's possession before applicant's invention.).

II. TO EXPLAIN THE MEANING OF A TERM USED IN THE PRIMARY REFERENCE

Extra References or Other Evidence Can Be Used to Show Meaning of a Term Used in the Primary Reference

Extrinsic evidence may be used to explain but not expand the meaning of terms and phrases used in the reference relied upon as anticipatory of the claimed subject matter. *In re Baxter Travenol Labs.*, 952 F.2d 388, 21 USPQ2d 1281 (Fed. Cir. 1991) (Baxter Travenol Labs. invention was directed to a blood bag system incorporating a bag containing DEHP, an additive to the plastic which improved the bag's red blood cell storage capability. The examiner rejected the claims over a technical progress report by Becker which taught the same blood bag system but did not expressly disclose the presence of DEHP. The report, however, did disclose using commercial blood bags. It also disclosed the blood bag system as “very similar to [Baxter] Travenol's commercial two bag blood container.” Extrinsic evidence (depositions, declarations and Baxter Travenol's own admissions) showed that commercial blood bags, at the time Becker's report was written, contained DEHP. Therefore, one of ordinary skill in the art would have known that “commercial blood bags” meant bags containing DEHP. The claims were thus held to be anticipated.).

III. TO SHOW THAT A CHARACTERISTIC NOT DISCLOSED IN THE REFERENCE IS INHERENT

Extra Reference or Evidence Can Be Used To Show an Inherent Characteristic of the Thing Taught by the Primary Reference

“To serve as an anticipation when the reference is silent about the asserted inherent characteristic, such gap in the reference may be filled with recourse to extrinsic evidence. Such evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill.” *Continental Can Co. USA v. Monsanto Co.*, 948 F.2d 1264, 1268, 20 USPQ2d 1746, 1749 (Fed. Cir. 1991) (The court went on to explain that “this modest flexibility in the rule that ‘anticipation’